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SUPREME COURT, U. S.

In the Supreme Court of the United States

October Term 1973

No. 73-187

KEWANEE OIL COMPANY,

Petitioner,

vs.

BICRON CORPORATION, LLOYD H. HAMNER, JULIOUS M. MENEFEE, WILLIAM P. NOVAK, RICHARD W. SPURNEY and HARRY SUSCHEK,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

REPLY BRIEF FOR THE PETITIONER

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The opinion of the Sixth Circuit has now been reported at 478 F.2d 1074 (1973).

There are three points in the Brief in Opposition to which petitioner wishes to make a brief response.

1. In their Counterstatement of the Case, respondents quote (Br. in Opp. 3) finding 109 of the district court. This might leave the impression that the district court found that the respondents had not violated any fiduciary duty owed to the petitioner.

Finding 109, however, relates only to "going into competition" with the petitioner. This is a question quite distinct from the use of petitioner's trade secrets by the respondents, in violation both of contract and of fiduciary duty. As to this, the court of appeals is clear. It said (Pet. App. A 3):

". . . There can be no question on this record but what these individual defendants appropriated, to the benefit of Bicron, Harshaw's secrets, processes, procedures and manufactoring techniques."

2. Respondents assert that "There Is No 'Real and Embarrassing' Conflict." (Br. in Opp. 5.) Yet the court of appeals twice recognized in its opinion that its decision resulted in a conflict of decisions. (Pet. App. A 8, A 25.) The conflict is present and real. That it is also embarrassing is evidenced by the several briefs sought to be filed by *amici* in support of the petition. As long as the conflict is outstanding, the law of this country affecting an important section of the economy will be uncertain and confused. In the interest of all concerned, the conflict should be resolved now.

3. Finally, the respondents contend that "The Rule of the Court Below . . . Only Redresses the Balance Between Patents, Trade Secrets and the Public Interest." (Br. in Opp. 8.) On the contrary, the effect of the judgment below is to destroy the common law of trade secrets as it has heretofore existed and been understood. If the patent law should now be found to preempt trade secret law, after a year, if the trade secret is eventually determined to be one which would have been patentable, trade secret law as it is and has been known will be reduced to an unreliable shadow, and time-honored principles of responsibility based on contract and on fiduciary relations will wither away. In the absence of further word from Congress, this is not a sound way to strike "a fairer balance between the interests of those involved in this area of the law." (Br. in Opp. 9.)

The Brief Amicus Curiae filed by SCM Corporation asserts (p. 6) that petitioner asks the Court to decide the case "without benefit of any meaningful factual record"

and (p. 7) "in a virtual vacuum of supporting facts."

This case is not an abstract case. It is not devoid of facts. It was tried over an extended period of time in the district court. On the basis of the trial, the district court made 106 Findings of Fact. Because these Findings involved trade secrets, the district court entered a protective order and this was not altered by the court of appeals. If this Court concludes that the statement of facts in the opinion of the court of appeals is not sufficient and that this Court should examine the Findings themselves, they will, of course, be supplied, with the request that the Court take appropriate steps to protect the secrets involved against public disclosure.

The petitioner here does not seek a monopoly, but only protection against respondents who are bound by a contractual and fiduciary relationship. The SCM Amicus Brief acknowledges (p. 9) that there "is a conflict in *principle*." The exception to this principle, to which it refers (p. 10) would emasculate the law of trade secrets as it has up to now been applied and understood.

The petition for certiorari should be granted.

Respectfully submitted,

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